

**GOVERNMENT OF TELANGANA
ABSTRACT**

RWS&S- Telangana Drinking Water Supply Project (Mission Bhagiratha) - Borrowing of loan of Rs.1500.00 crores from Punjab National Bank for providing financial assistance to Providing Primary Transmission System from Yellore Reservoir till Secondary Transmission System within Mahabubnagar District to Provide Drinking Water to Mahabubnagar and Ranga Reddy Districts (Part-1A) with an estimated Project Cost of Rs.3095.00 Crores - Permission – Accorded- Orders- Issued.

PANCHAYAT RAJ AND RURAL DEVELOPMENT (RWS-IV) DEPARTMENT

G.O.Rt.No.442.

**Dated:24.06.2017.
Read the following:-**

1. G.O.Ms.No.17, PR&RD (RWS) Dept., dt.30.1.2015 & G.O.Ms.No.43, PR&RD (RWS-IV) Dept., dt.15.05.2015.
2. From the Assistant General Manager, Punjab National Bank, Bank street, Hyderabad, dt: 14.06.2017.
3. From the ENC, RWS&S, Hyderabad, Lr.No.A2/TDWSP/PNB/2017-18, dated: 20.06.2017.
4. From the Assistant General Manager, Punjab National Bank, Bank street, Hyderabad, dt:23.06.2017.

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ORDER:-

In G.O. 1st read above, orders have been issued constituting the Telangana Drinking Water Supply Corporation (TDWSC) to execute and maintain the Telangana Drinking Water Supply Project (Mission Bhagiratha).

2. In the reference 2nd read above, Punjab National Bank, Hyderabad, while enclosing the terms and conditions applicable to obtain loan from them for Telangana Drinking Water Supply Corporation for providing financial assistance to Providing Primary Transmission System from Yellore Reservoir till Secondary Transmission System within Mahabubnagar District to Provide Drinking Water to Mahabubnagar and Ranga Reddy Districts (Part-1A) has sanctioned a loan amount of Rs.1500.00 crores out of the project cost Rs.3095.00 crores (including Interest During Construction).

3. In the reference 3rd read above, the Engineer-in-Chief, Rural Water Supply & Sanitation, Hyderabad has stated that the proposals were submitted to the Punjab National Bank for providing financial assistance for providing Primary Transmission System from Yellore Reservoir till Secondary Transmission System within Mahabubnagar District to Provide Drinking Water to Mahabubnagar and Ranga Reddy Districts (Part-1A) under Mission Bhagiratha for sanction of loan of Rs.1500.00 crores out of the total project cost of Rs.3095.00 crores (Including Interest during construction). He has also stated that the Punjab National Bank, Hyderabad has forwarded the loan sanction letter for implementation of the above segment for an amount of Rs.1500.00 crores along with terms and conditions for acceptance of the competent authority. As such, he has requested the Govt., to provide concurrence/approval for the terms and conditions of loan sanctioned for the above segment and to issue necessary orders on the required documents to be provided by the Govt., in order to execute the loan agreement with Punjab National Bank. In the 4th read above, the Assistant General Manager, Punjab National Bank has conveyed the revised terms and conditions of sanction of term loan.

4. Government after careful consideration of the matter, hereby accord permission to the Managing Director, Telangana Drinking Water Supply Corporation to borrow the loan amount of Rs.1500.00 Crores (Rupees One thousand and Five hundred crores only) from Punjab National Bank for providing Primary Transmission System from Yellore Reservoir till Secondary Transmission System within Mahabubnagar District to Provide Drinking Water to Mahabubnagar and Ranga Reddy Districts (Part-1A) under Mission Bhagiratha, out of the total project cost of Rs.3095.00 crores (Including Interest during construction), as per the terms and conditions of Punjab National Bank (Interest rate as 9.00% (3 year MCLR + 0.50 %) with yearly reset). Govt. of Telangana will stand as guarantee for the repayment of loan taken from Punjab National Bank covering principle and interest. The State margin money (i.e., 20% project cost) of Rs.375.00 crores (Rupees Three hundred and Seventy Five crores only) will be met by the Govt. of Telangana through budgetary support. The terms and Conditions approved by the Govt., are appended as annexure to this order.

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5. The guarantee commission shall be paid at the rate of 2% consolidated for the entire guarantee period to State Government and the same shall be charged to the project cost from the savings available (if any) or project cost to be revised duly considering the guarantee commission. The TDWSCL shall remit the amount to Government to the following Head of Account: "0070 Other Administrative Services – 60. Other Services – MH 800. Other Receipts – SH 08 Commission for guarantee given by Government".

5. The Managing Director, Telangana Drinking Water Supply Corporation shall take necessary action in the matter accordingly.

6. This order issues with the concurrence of the Finance (DCM) Department vide their U.O.No.7650-A/120/A3/2017, dated: 24.06.2017.

7. This order is available on online and can be accessed at the address <http://www.goir.Telangana.gov.in>.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF TELANGANA)

**S.P. SINGH
CHIEF SECRETARY TO GOVERNMENT &
SPECIAL CHIEF SECRETARY TO GOVERNMENT (RWS)(FAC)**

To

The Managing Director, Telangana Drinking Water Supply Corporation, Hyderabad.

The Director of Treasuries and Accounts, Telangana State, Hyderabad.

The Accountant General, Telangana State, Hyderabad.

Copy to:

The PS to Secretary to Hon'ble Chief Minister,

The Finance (DCM) Department.

The PS to Special Chief Secretary, (RWS)

The Engineer -in-Chief, RWS&S, Hyderabad.

The Punjab National Bank, Hyderabad through ENC, RWS&S, Hyd

The Advisor to Govt., RWS&S.,

SC/SF.

//FORWARDED::BY ORDER//

SECTION OFFICER

(Contd... ANNEXURE)

ANNEXURE to the G.O.Rt.No.442, PR&RD (RWS.IV) Dept. Dated.24.6.2017

The terms and conditions approved by the Government:-

Annexure – I

Detailed Terms and Conditions of Sanction

FACILITY

Nature	Term Loan [Fresh]						
Amount	Rs.1500.00 crores (Rupees One Thousand Five Hundred Crores only)						
Purpose	For the purpose of part financing Project cost of Rs.3095.00Cr entailing providing safe drinking water for the segment - Mahabubnagar & Rangareddy. Corporation to tie up funds from other banks/FIs to ensure uninterrupted implementation and completion of the project.						
	SI No	Particulars				Amount in Cr	
	1	Cost of Raw water Trunkmain from Yellore Source to Gouridevipally				985.00	
	2.	Cost of Raw water Trunkmain from Gouridevipally to Kammadanam Via Karkalpd				1150.00	
	3.	Cost of Raw water Trunkmain from Gouridevipally to Manyamkonda & Jedcherla				645.00	
		Total Hard Cost				2780.00	
	4.	IDC				315.00*	
		Total				3095.00	
	(*)	T he above estimate of IDC is subject to change based on actual drawal and margin to be brought in by the Corporation accordingly.					
Primary Security	Pari-passu charge with other banks by way of hypothecation of assets created for the project out of term loan.						
Collateral Security	Unconditional and irrevocable guarantee of the Government Telangana guaranteeing the repayment of Principal and Interest.						
Margin	20% on overall project cost including interest during construction period. However, in case the actual IDC exceeds the estimated IDC of 315.00Cr the Corporation has to pay the difference from their own sources.						
Rate of Interest	9.00% (3 Year MCLR + .50 %) with year reset subject to condition that our rate of interest shall not be below the MCLR at any point of time and if MCLR is above 9.00% the same shall be applicable during such period with monthly rests. Interest is to be serviced as and when debited.						
COD	On or before 31.03.2019						
Repayment	To be repaid in 48 quarterly installments from the COD as per the repayment schedule below.						
	ING	No. of Quart ers	%of Repay ment	Repayment for total debt		Repayment for our Bank	
				Per Qtr	Year	Per Qtr	Year
	2019-20	4	8	49.52	198.08	8	120.00
	2020-21	4	8	49.52	198.08	8	120.00
	2021-22	4	8	49.52	198.08	8	120.00
	2022-23	4	8	49.52	198.08	8	120.00
	2023-24	4	8	49.52	198.08	8	120.00
	2024-25	4	8	49.52	198.08	8	120.00
	2025-26	4	8	49.52	198.08	8	120.00
	2026-27	4	8	49.52	198.08	8	120.00
	2027-28	4	8	49.52	198.08	8	120.00
	2028-29	4	8	49.52	198.08	8	120.00
	2029-30	4	10	61.90	247.60	10	150.00
	2030-31	4	10	61.90	247.60	10	150.00
	Total 12	48	100		2476.00	100	1500.00

Disbursement	<p>Following procedure will be adopted while allowing disbursements:</p> <ul style="list-style-type: none"> Expenditure estimates to be submitted by the Corporation based on which our bank shall release 80% of the same. After the payment/pass memo is issued by the Finance Department, the share of the Government (20% Margin) will be released and the Corporation shall incur the expenditure. Certificate for the expenditure incurred out of the term loan(s) availed earlier be obtained from the external agency (M/s.Jawahar & Co, Chartered Accountants) and the same to be submitted by the Corporation before approaching for subsequent disbursement.
Prepayment charges	Waived
Upfront fee	0.10% of the limit plus applicable service tax i.e. Rs.1.50 crores + applicable taxes
Annual Review Charges	Nil*
Documentation Charges	Nil*
Other Charges if any	Nil*

- However, Corporation shall have to bear actual legal expenses incurred for documentation, filing of charges, search report etc.

Additional stipulations:

- 1 Before release of loan, Corporation to ensure that state government guarantee is executed and all requisite approvals have been obtained by the Corporation.
- 2 Before release of loan, Corporation to ensure that all the requisite charges have been created, documents executed and duly vetted by Bank's approved legal counsel and all other terms & conditions of sanction are complied with.
- 3 Escrow/ TRA account be opened for capturing all the Cash flows of the segment/ project in terms of Bank's extant guidelines.
- 4 All the milestones of the project like Drawdown schedule, Dates of implementation schedule, repayment schedule etc. to be linked with the date of documentation and to be properly documented at the time of disbursement.
- 5 Disbursement of TL to be done on pro-rata basis with other banks (in the segment) to the extent of our share.
- 6 Disbursement will be made on individual documentation pending full tie up of Term Loan proposed for segment and joint documentation.
- 7 Since IDC has already been included in the cost of the project, as such the requisite promoter's own contribution (20%) is to be raised by the Corporation before/ at the time of release of TL as envisaged.
- 8 All favourable terms and conditions of other financing Banks particularly related to pricing & security shall mutatis and mutandis apply for our bank's credit facilities as well.

Special terms and conditions:

- 1 State Govt, shall approve for the proposed borrowing of Rs.3095.00 Cr, extending Government guarantee along with approval of infusion of 20% of project cost i.e. Rs.619.00 Cr as their margin before release of limits.
- 2 Loan shall be released after ensuring that the margin of 20% is duly infused by the corporation.
- 3 The Corporation shall submit resolution under Sec 180(1) © of the Companies Act, 2013 fixing its borrowal limit and certificate of Statutory Auditor shall be obtained to that effect that the proposed borrowing will be within such limit.
- 4 The Corporation shall undertake **(before disbursement of loan)** to service the bank loans from the project revenues.

- 5 The Corporation shall obtain all the statutory and non-statutory clearances required for implementation of the project, including environmental clearances, approvals from Central Government agencies **before the disbursement.**
- 6 The Corporation shall undertake that in the event of reduction in the project cost on account of any savings on account of duties/other taxes, price negotiations or otherwise there would be a prorata reduction in all components of the means of finance.
- 7 The Corporation shall undertake that in case of any Cost overrun in the project cost, the same would be met by the Corporation without any recourse to the project lenders.
- 8 Actual legal expenses incurred by the lender for documentation, filing of charges, search report shall be borne the Corporation.
- 9 The Corporation shall arrange for submission of letter of commitment/Government Order from the Finance Dept, Govt of Telangana for contributing 20% of the project cost (including IDC) and continue the same till the entire outstanding with the bank is cleared.
- 10 Corporation to submit an undertaking that the water usage for the project will be within the overall water allocation made to the project.
- 11 Corporation shall ensure that necessary land is acquired for smooth implementation of the project.
- 12 Corporation to ensure that there are no inter-state disputes that effect the progress/implementation of the project.
- 13 Corporation shall ensure that the project designs are approved by competent authority.
- 14 Corporation to ensure that project monitoring agency submits its progress reports on the implementation of the project at periodical intervals.
- 15 Corporation has to undertake that in case the actual amount of interest during construction period exceeds the estimated amount of Rs.315 Cr, the same shall be paid by the corporation out of their own sources. Likewise, the loan amount shall be reduced proportionately in case the actual amount of interest to be serviced during the construction period is less than the estimated IDC amount of Rs.315 Cr.
- 16 If the bank chooses to revise the interest rate due to the reset clause, and the same is not acceptable to the borrower, the outstanding term loan shall have to be adjusted in full, failing which the bank would charge the revised interest rate from the date of reset.

Pre-disbursement conditions:

- 1 The limits will be released only after the terms and conditions of the sanction are accepted / acknowledged by the borrower. Letter from the borrower / guarantors for having accepted all the terms and conditions shall be submitted to the bank.
- 2 Necessary documents as per bank guidelines shall be executed and the same shall be vetted by our Panel Advocate as per the extant guidelines of the bank.

General conditions:

- 1 Consent letter from the applicants for disclosure of their names in the defaulters list, CIBIL data in the event of default on the part of the borrowers, as per RBI guidelines / bank guidelines to be submitted.
- 2 Bank reserves its right to alter/cancel and/or modify the credit limits/loans sanctioned and/or terms and conditions stipulated without notice and without assigning any reason thereof.
- 3 Our Bank reserves the right to rearrange the repayment schedule and to call upon the Corporation to accelerate the payments, if the Corporation's financial position so warrants as per the opinion of the bank.
- 4 The rate of interest and margins stipulated are subject to changes from time to time at the sole discretion of the bank/as per the guidelines of Reserve Bank of India/Government of India/ Indian Bankers Association, etc.,

- 5 Any delay in repayment of the loan installments will have adverse impact on credit rating and will affect the credit history of the borrower.
- 6 Default, fraud, legal incompetence during the currency of the limits, non compliance of agreed terms and conditions, non-submission of required papers for renewal of limits, overdues in the term loans, any other irregularities by the borrower will enable the bank to recall the loan/advance.
- 7 The bank will have the right to examine at all times the Corporation's books of accounts and to have access to Corporation work sites/units and inspect from time to time by Officer(s)/representative(s) of the bank and/or qualified auditors and/or technical experts and/or Management Consultants of the bank's choice. Cost of such inspections shall be borne by the Corporation.
- 8 The Corporation will keep the bank informed of the happening of any event likely to have substantial effect on their profit or business, with explanations and the remedial steps proposed to be taken.

Terms and conditions applicable to term loan:

- a Right to accelerate the installments: In case the cash flows are more than the projections given by the Corporation, bank has the right to refix the installments for an accelerated repayment.
- b Cost over runs: Borrowers shall undertake to meet the cost over-runs if any out of their own resources.

Terms and conditions applicable to Limited Companies:

- 1 The Corporation shall submit all the necessary resolutions required for approaching the bank for the credit facilities and also availing the same.
- 2 The Corporation shall pass a resolution in EGM of share holders for borrowing above its share capital and free reserves, if any under Sec, 293 (a) (d) of the Corporation's Act 1956 for applying and availing the limits to be sanctioned. Corporation to submit a resolution for availing the limits and execution of the loan documents.
- 3 Corporation shall file charges with Registrar of Companies within 30 days of documentation and get the same registered.
- 4 During the currency of bank finance, the Corporation shall not, without bank's permission in writing:
 - a) Effect any change in the Corporation's capital structure.
 - b) Formulate any scheme of amalgamation.
 - c) Implement any scheme of expansion or acquire fixed assets.
 - d) Make investments/advances or deposit amounts with any other concern.
 - e) Enter into borrowing arrangements with any bank/FI/Corporation.
 - f) Undertake guarantee obligations on behalf of any other Corporation.
 - g) Declare dividends for any year except out of profits relating to that year.
 - h) Change in composition of Corporation's Board of Directors.

Other terms of sanction:

- 1 Corporation to furnish undertaking letter stating that all the required dues like taxes, duties etc., shall be paid as and when they fall due.
- 2 Any cost escalation of the project shall be borne by the Corporation and an undertaking to this effect shall be submitted by the Corporation.

S.P. SINGH
CHIEF SECRETARY TO GOVERNMENT &
SPECIAL CHIEF SECRETARY TO GOVERNMENT (RWS) (FAC)

SECTION OFFICER